

U.S. Chamber of Commerce Economic Outlook February 2001



Economic Policy Division

The Economy

- The longest expansion in history -119 months and still counting
- Real GDP grew \$2.8 trillion, a 3.6% average annual rate.
- Almost 24 million new jobs have been created.
- Unemployment fell as low as 3.9%- and is currently 4.2%.

But....

- Oil prices, interest rates, and flagging stocks have slowed growth.
- GDP grew at a 1.8% annual rate in the last half of 2000.
- Consumer confidence is at a 4 year low, a drop of 21% from its peak.



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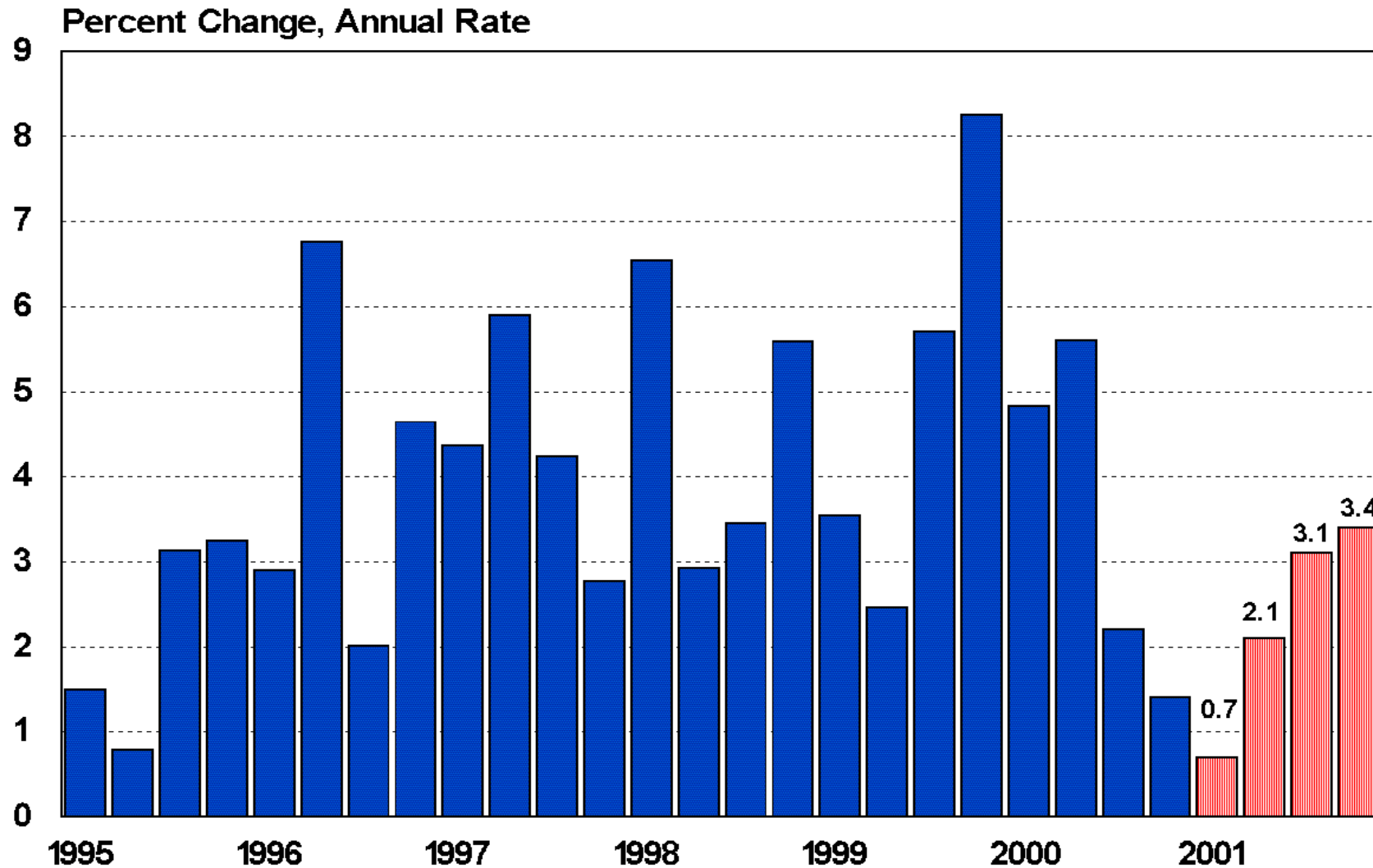
Current Economic Indicators

	00Q1	00Q2	00Q3	00Q4	Jan 01
Private Employment (000s)	244	128	129	72	214
Weekly Unemployment Claims	276	290	305	338	333
Consumer Confidence	140.9	140.5	142.1	132.3	114.4
Retail Sales	0.7%	0.0%	0.5%	-0.2%	0.7%
Housing Starts (000s)	1732	1605	1528	1554	1651
Ind. Prod. - Mfg.	0.7%	0.6%	0.3%	-0.6%	-0.1%
3 Month T-Bill	5.7	5.9	6.2	6.2	5.3
Consumer Price Index	4.2%	3.0%	3.5%	2.9%	7.8%
CPI: Energy	27.9%	10.2%	13.0%	10.7%	57.6%
Real GDP	4.8%	5.6%	2.2%	1.4%	



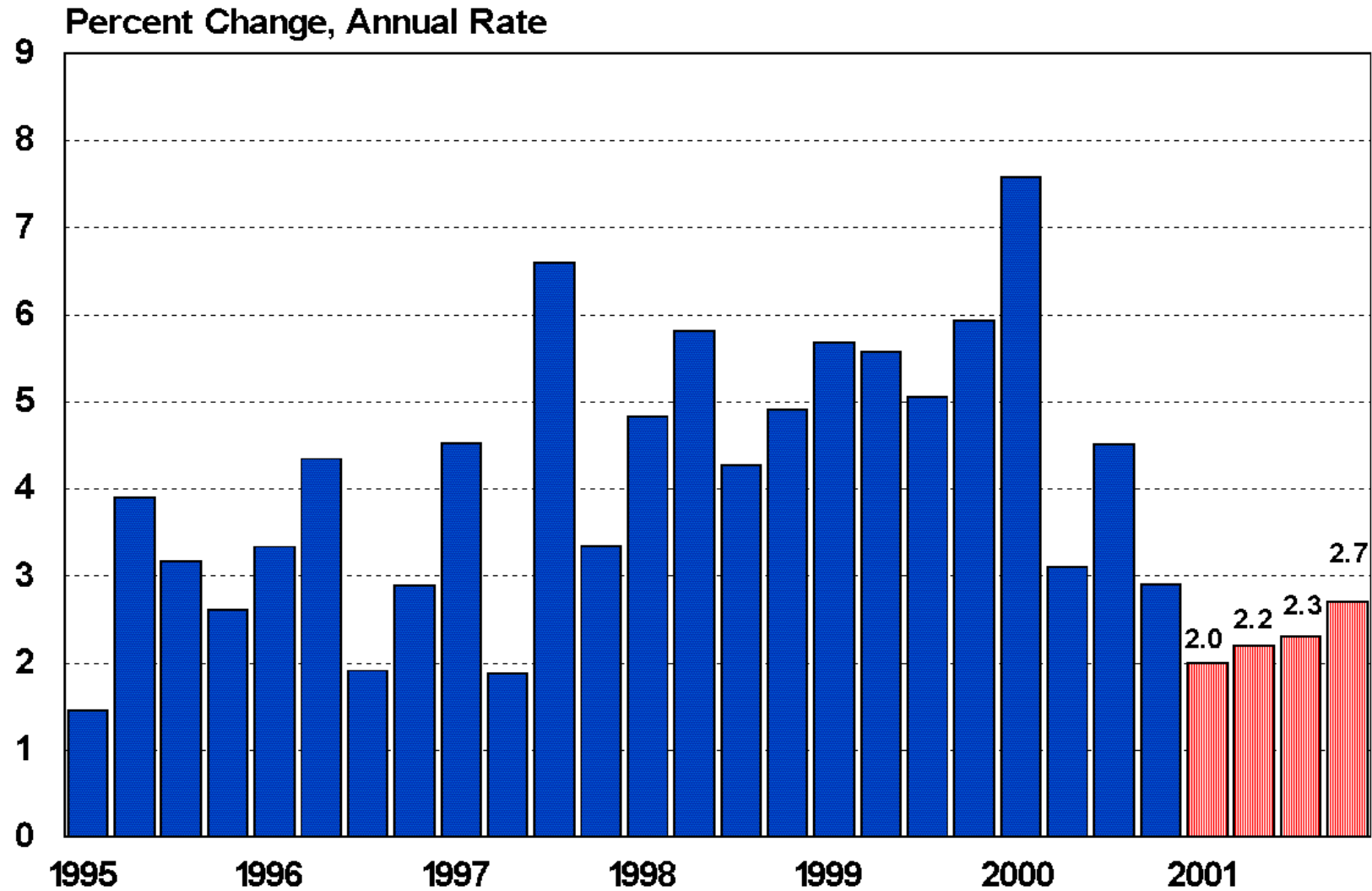
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Real GDP Outlook for 2001



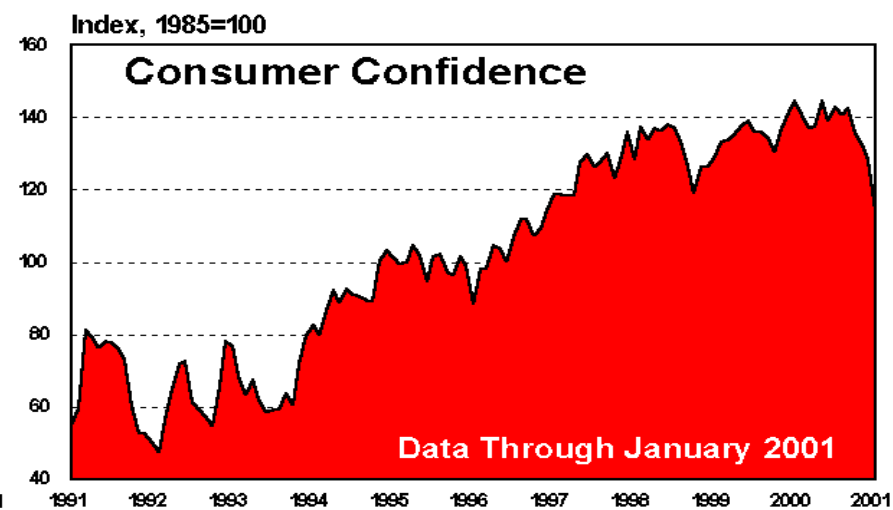
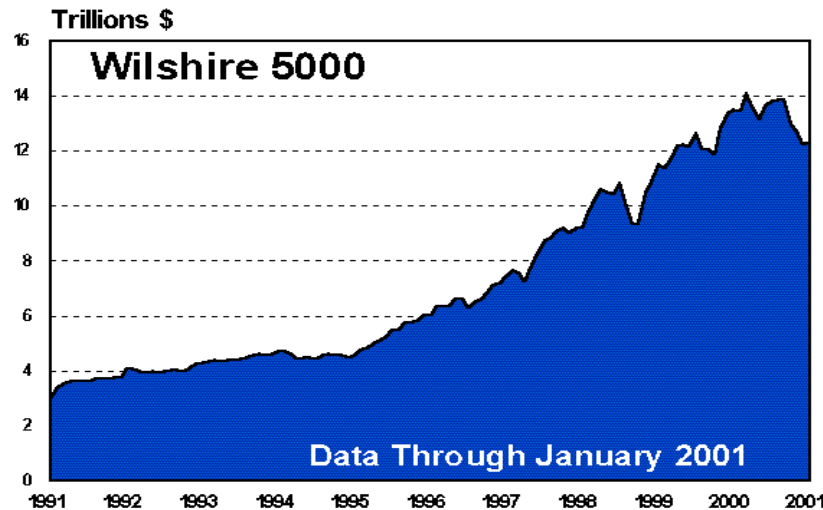
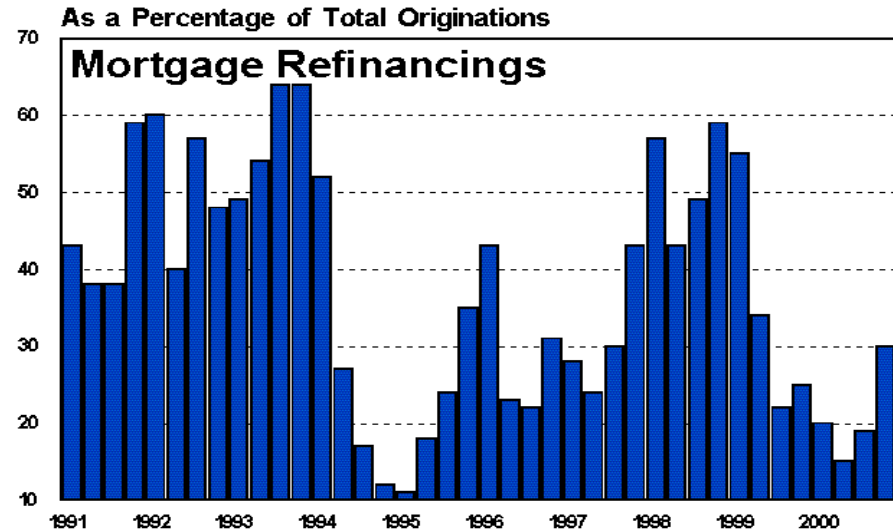
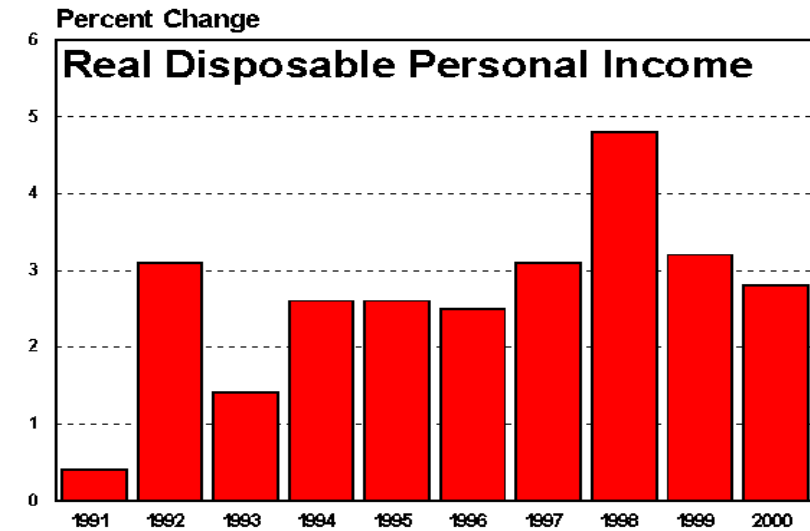
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Personal Consumption Outlook for 2001



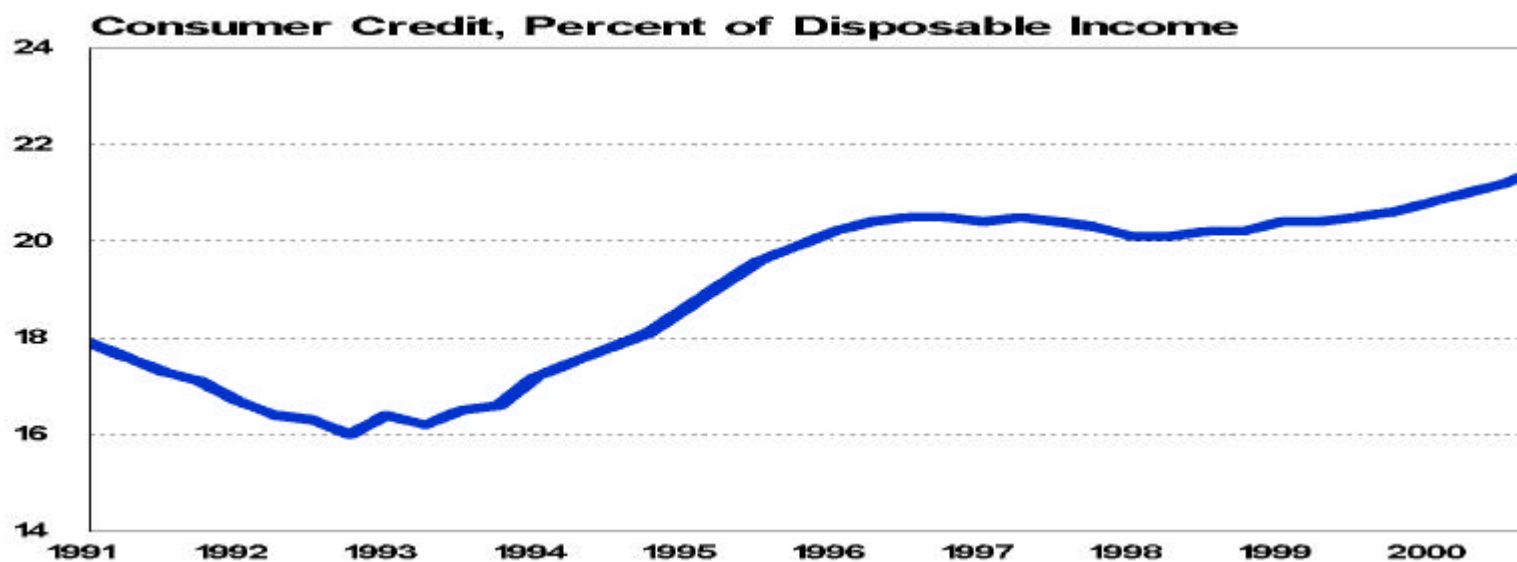
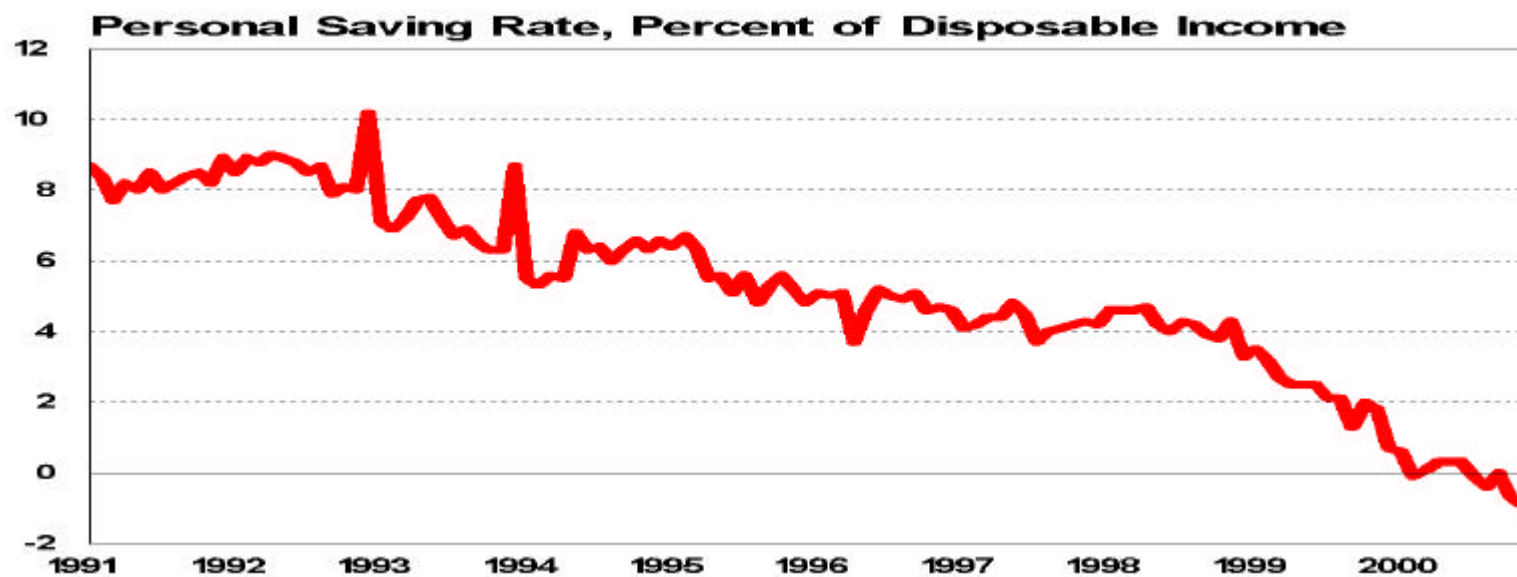
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What Fuels Consumption?



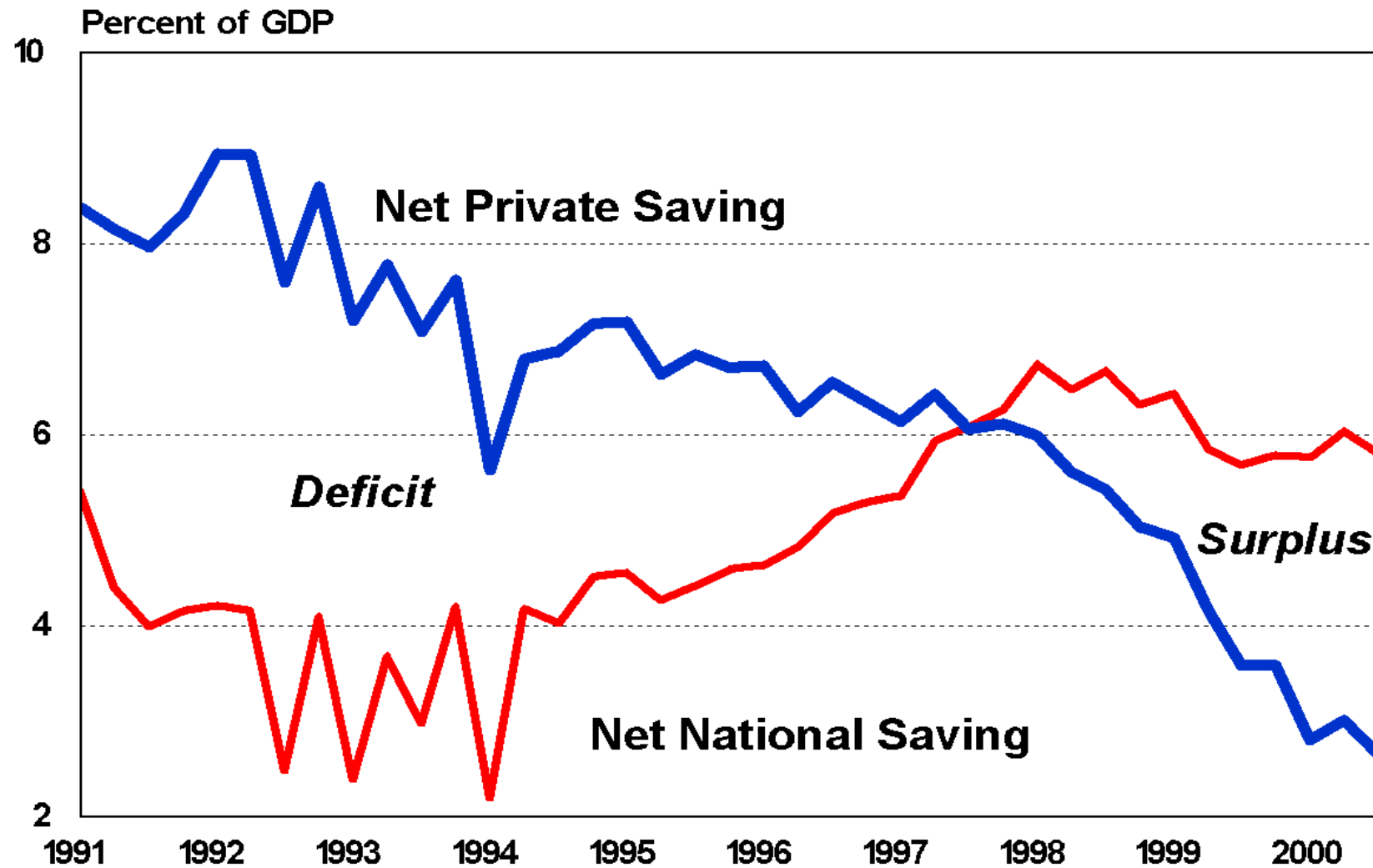
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Too Much Debt?



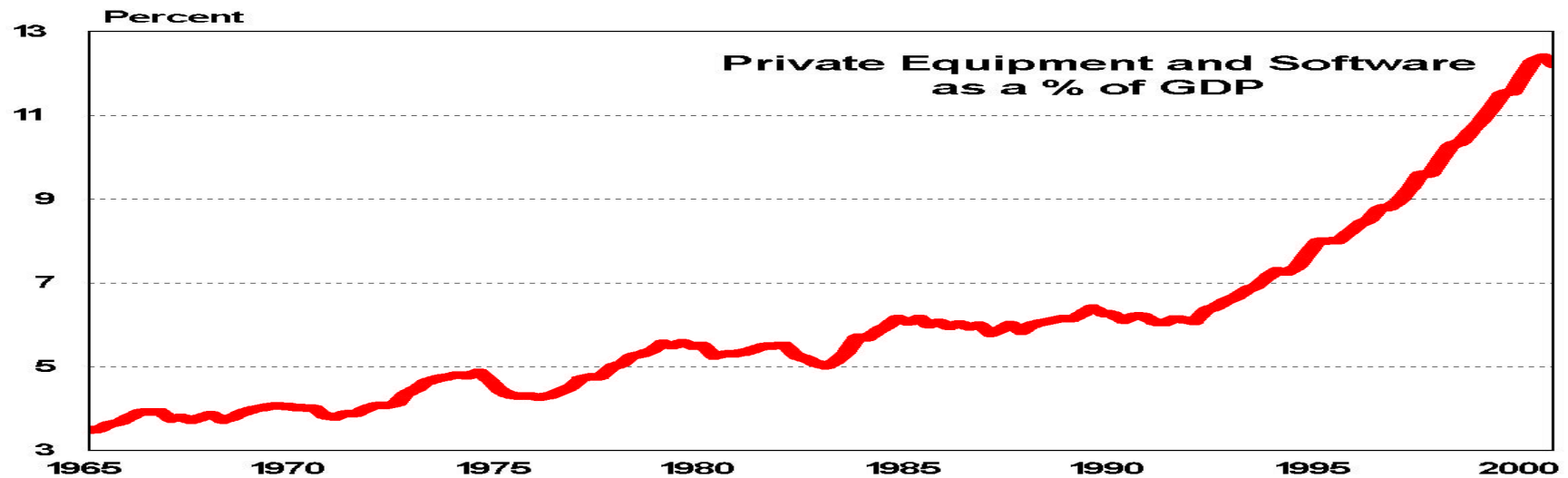
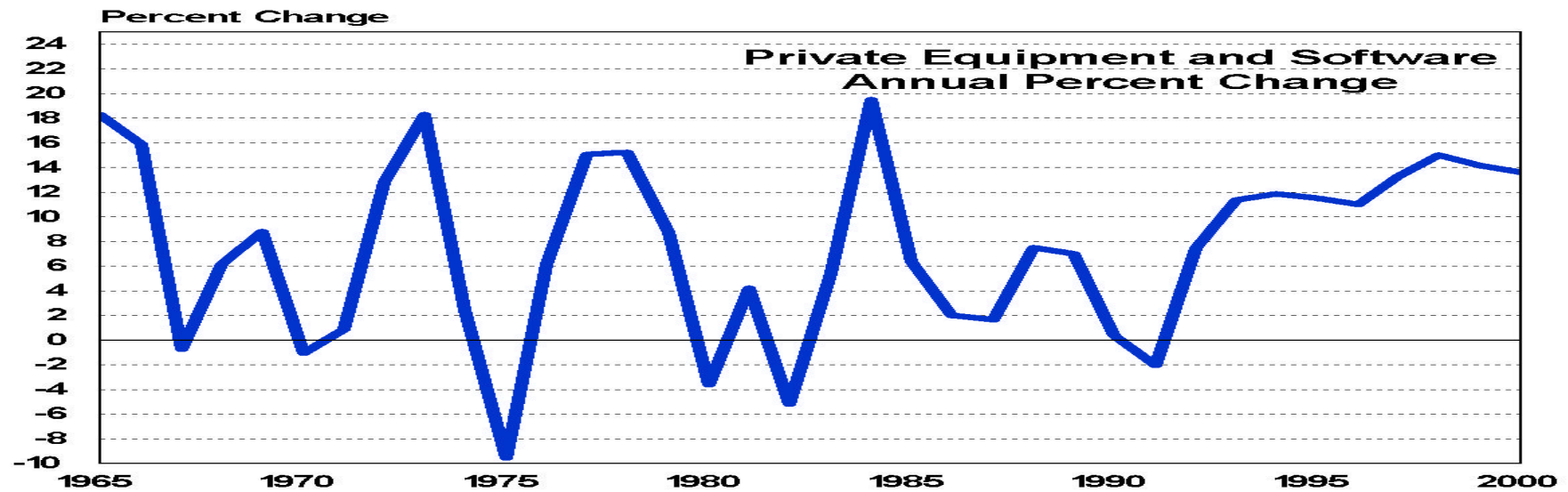
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Saving Rates



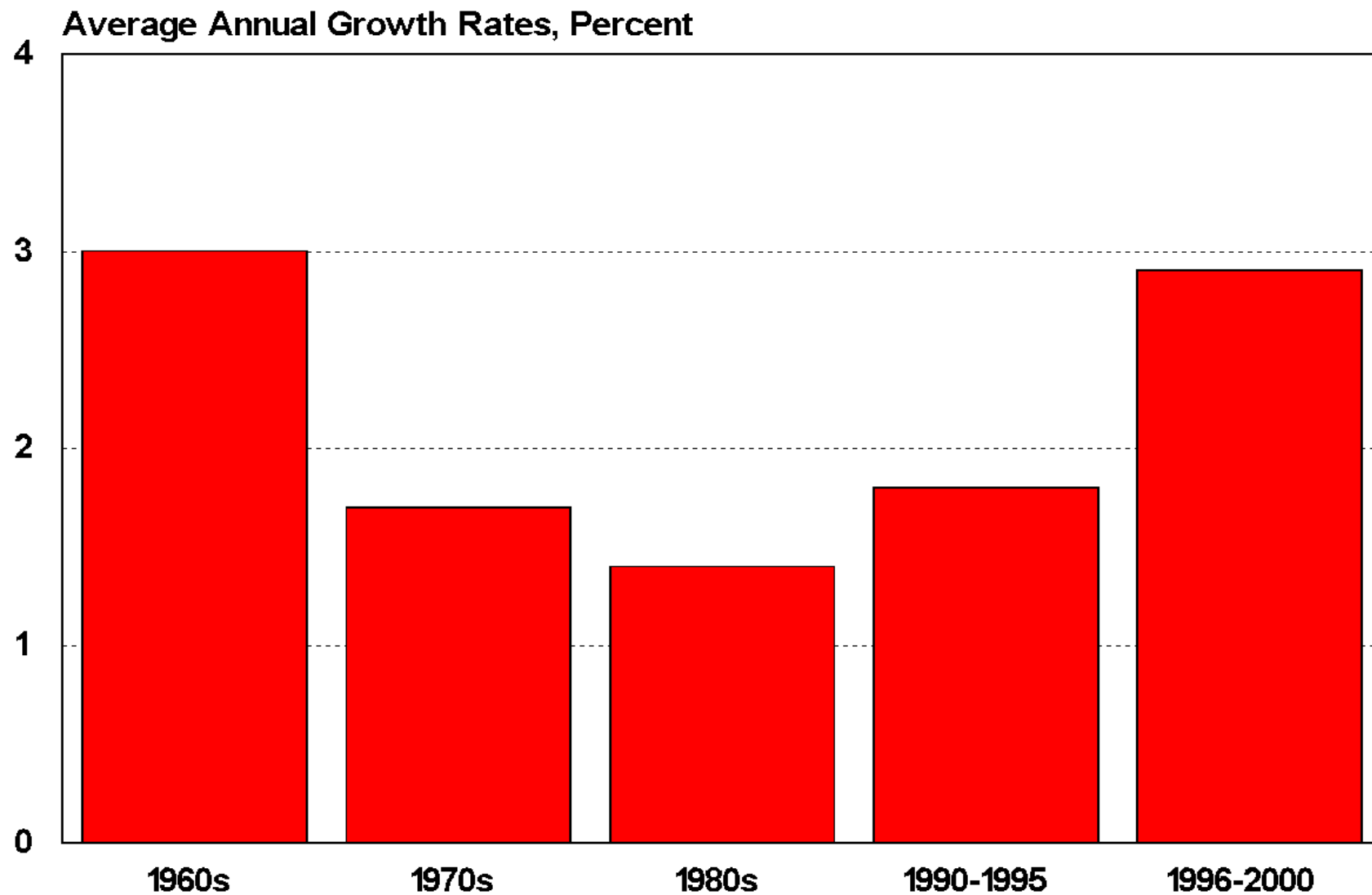
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Investment Growth



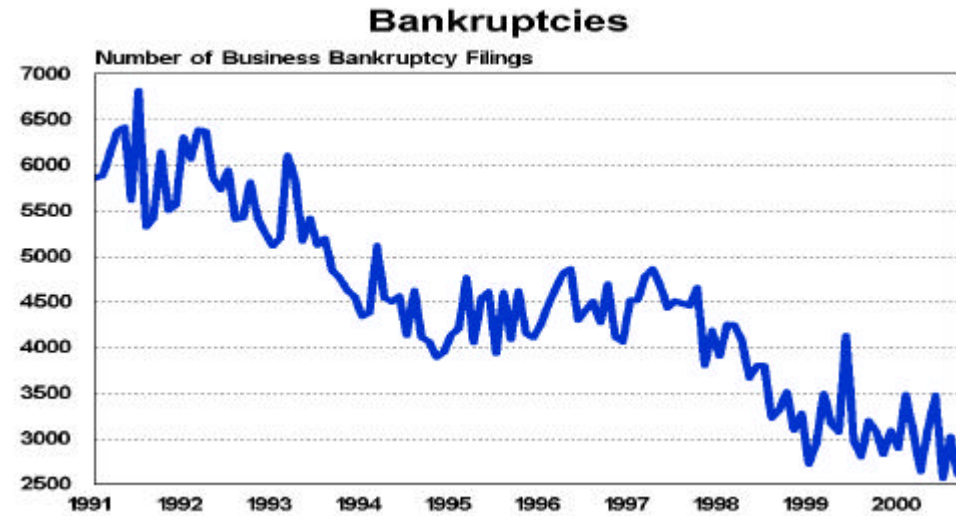
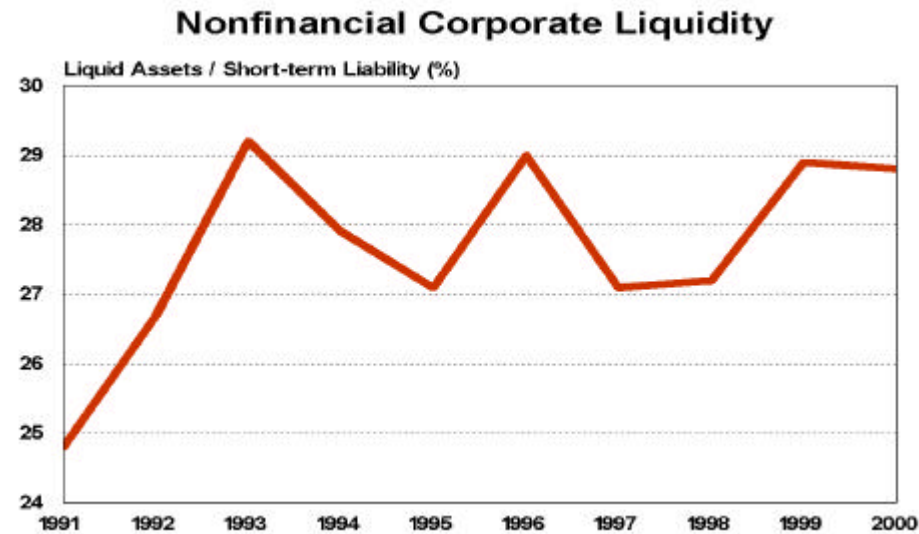
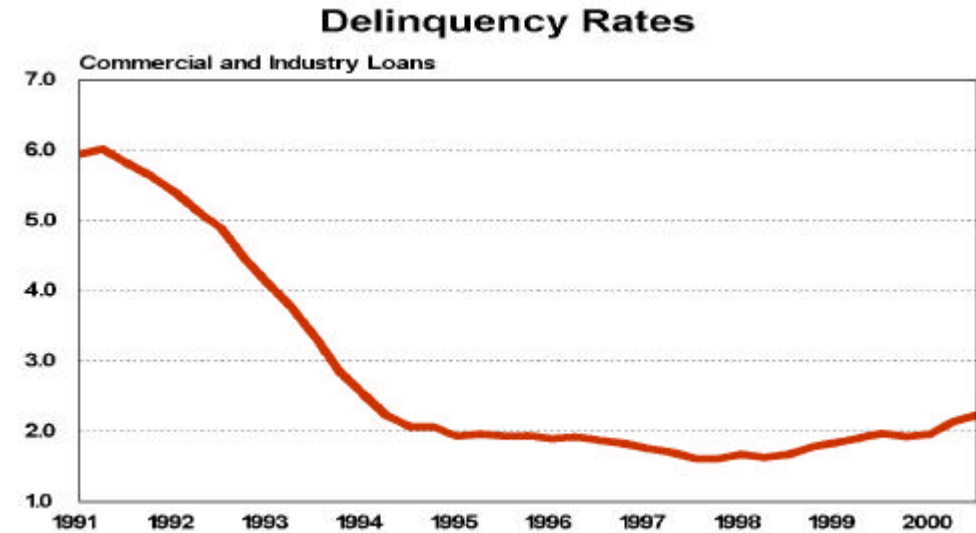
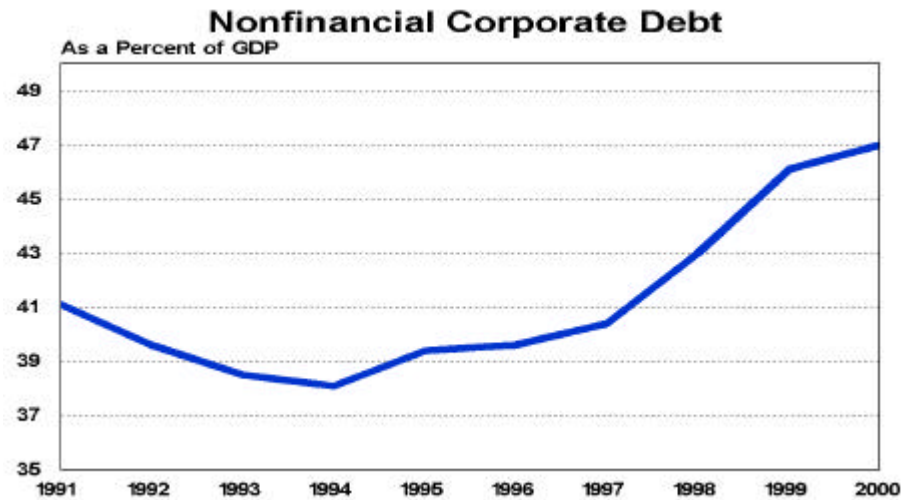
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Productivity



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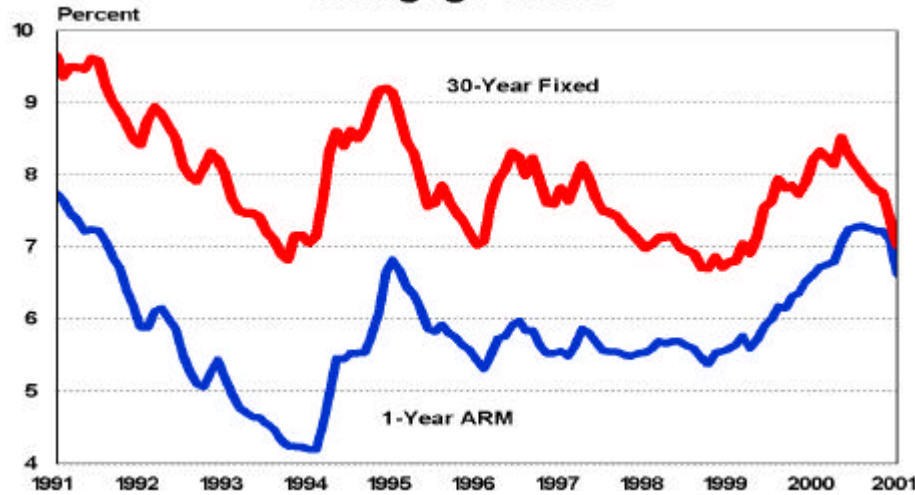
Businesses Have Borrowed Heavily As Well...



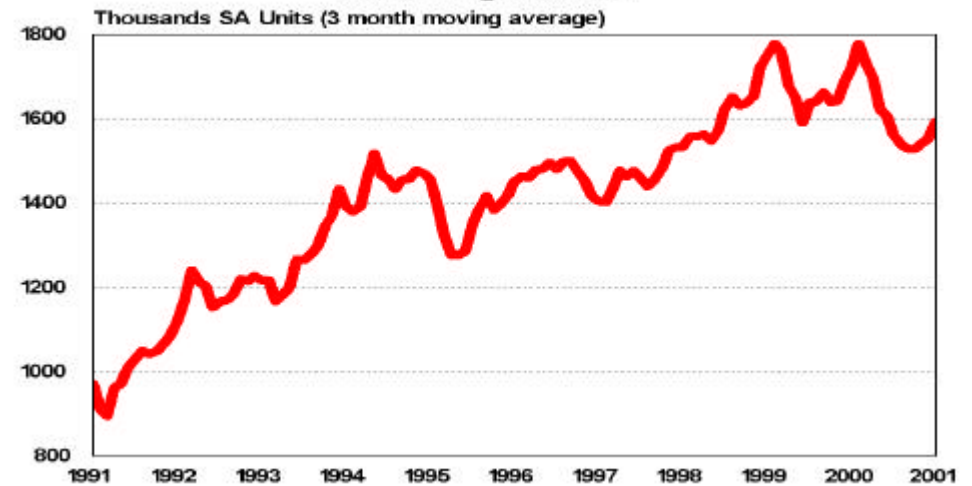
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Housing Market

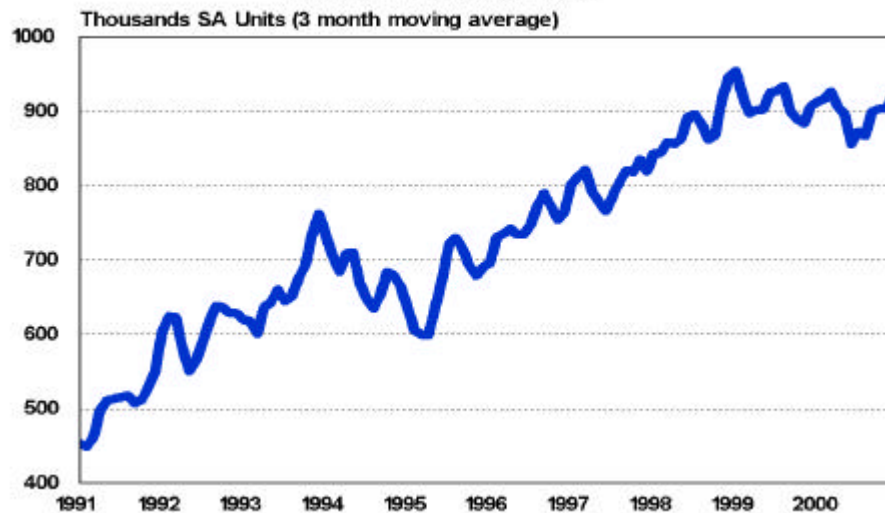
Mortgage Rates



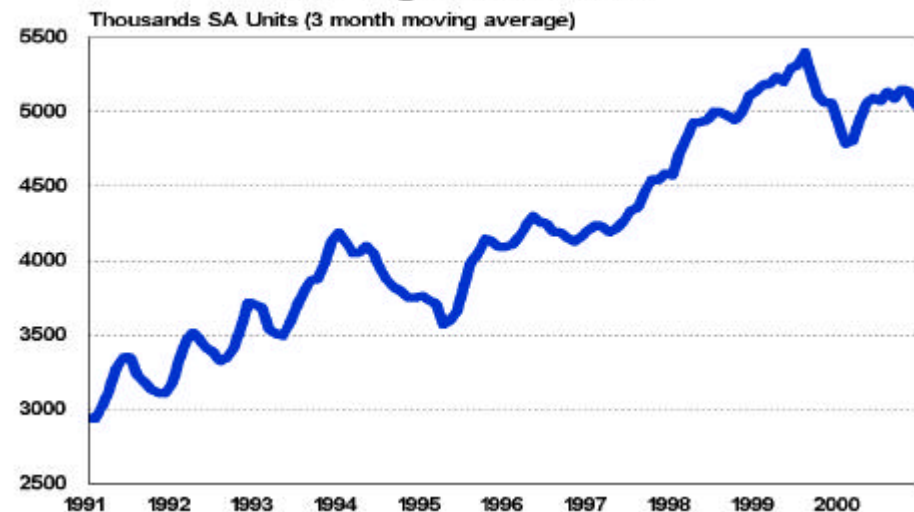
Housing Starts



New Home Sales



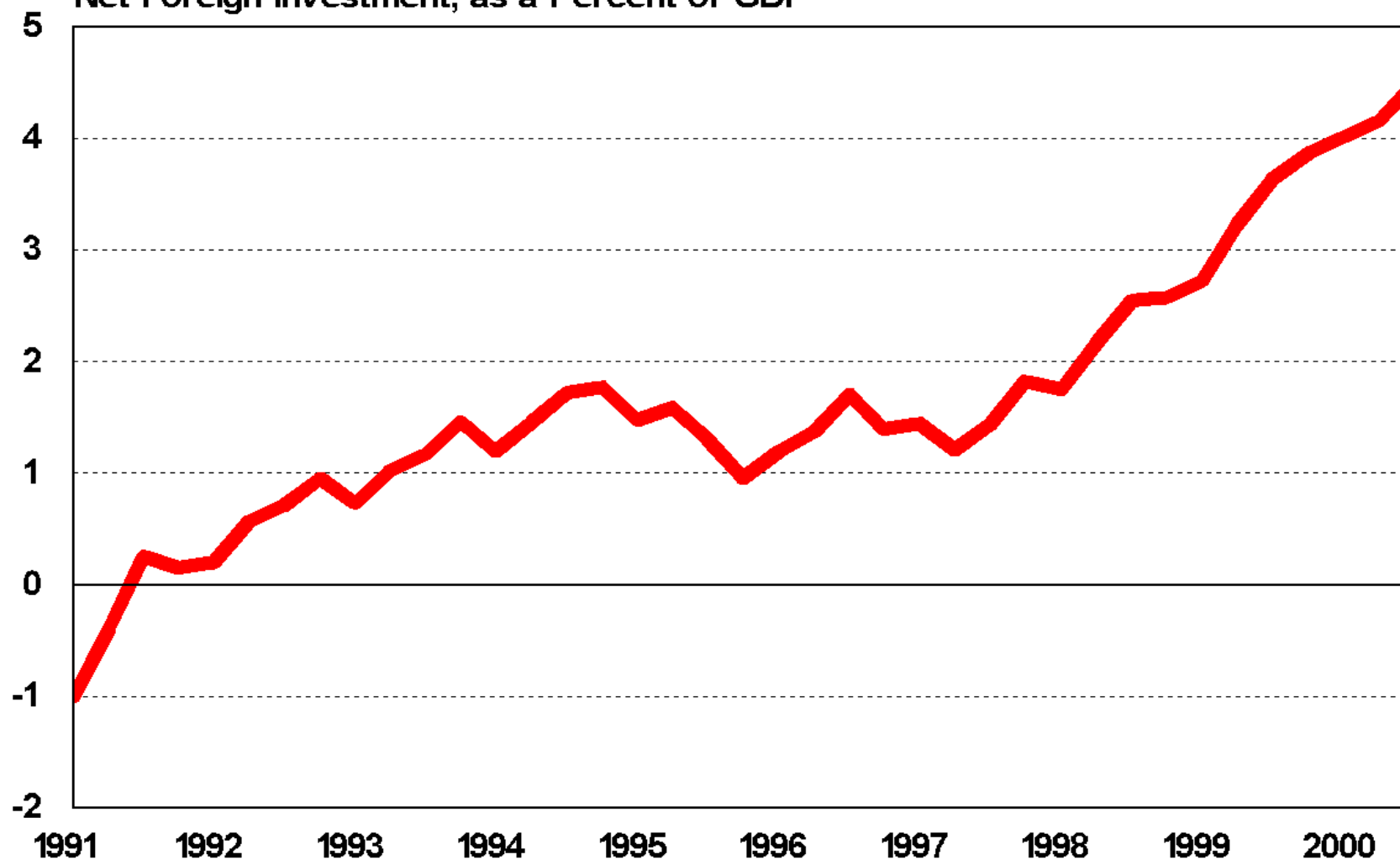
Existing Home Sales



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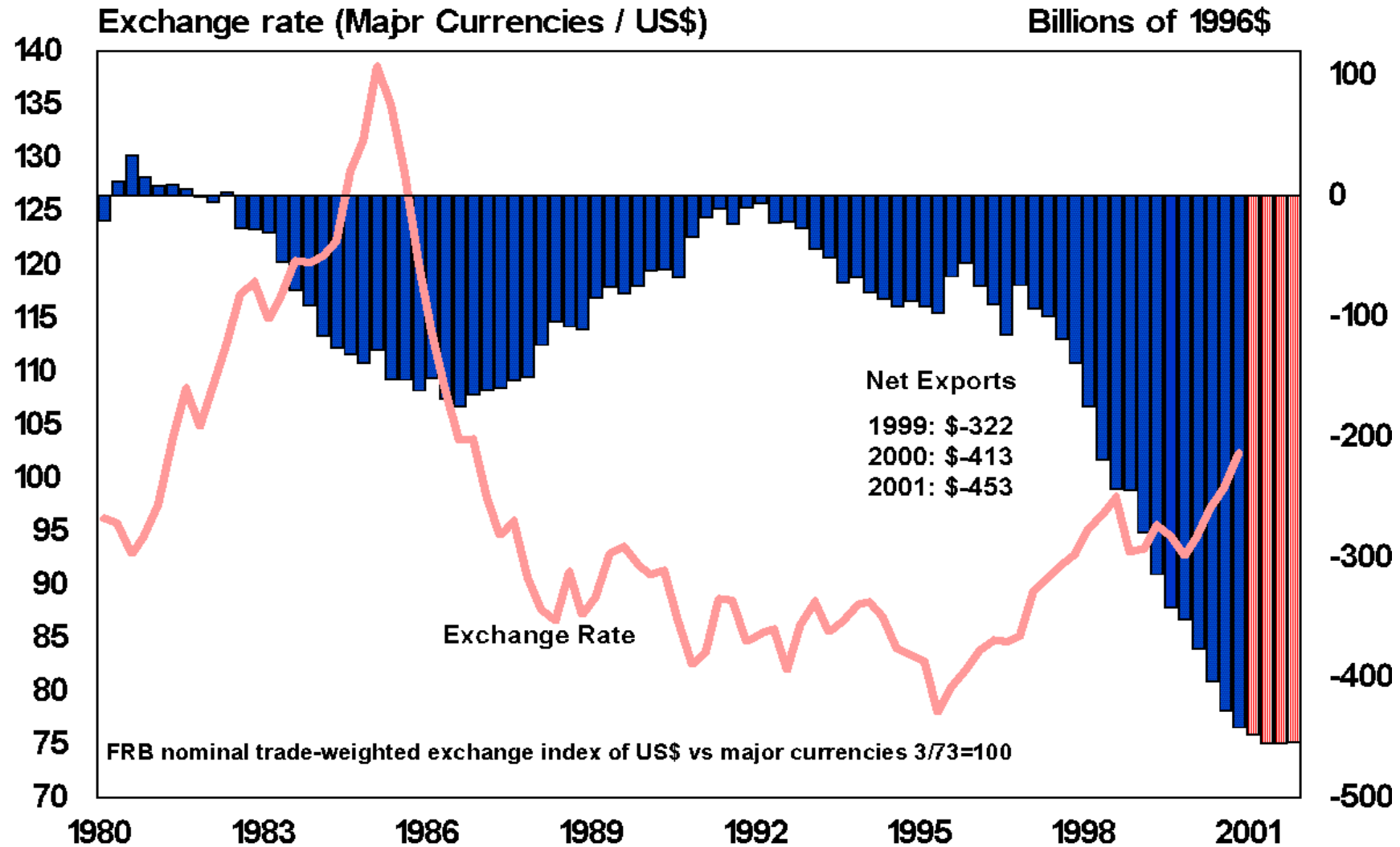
And We've Borrowed Heavily from Abroad

Net Foreign Investment, as a Percent of GDP



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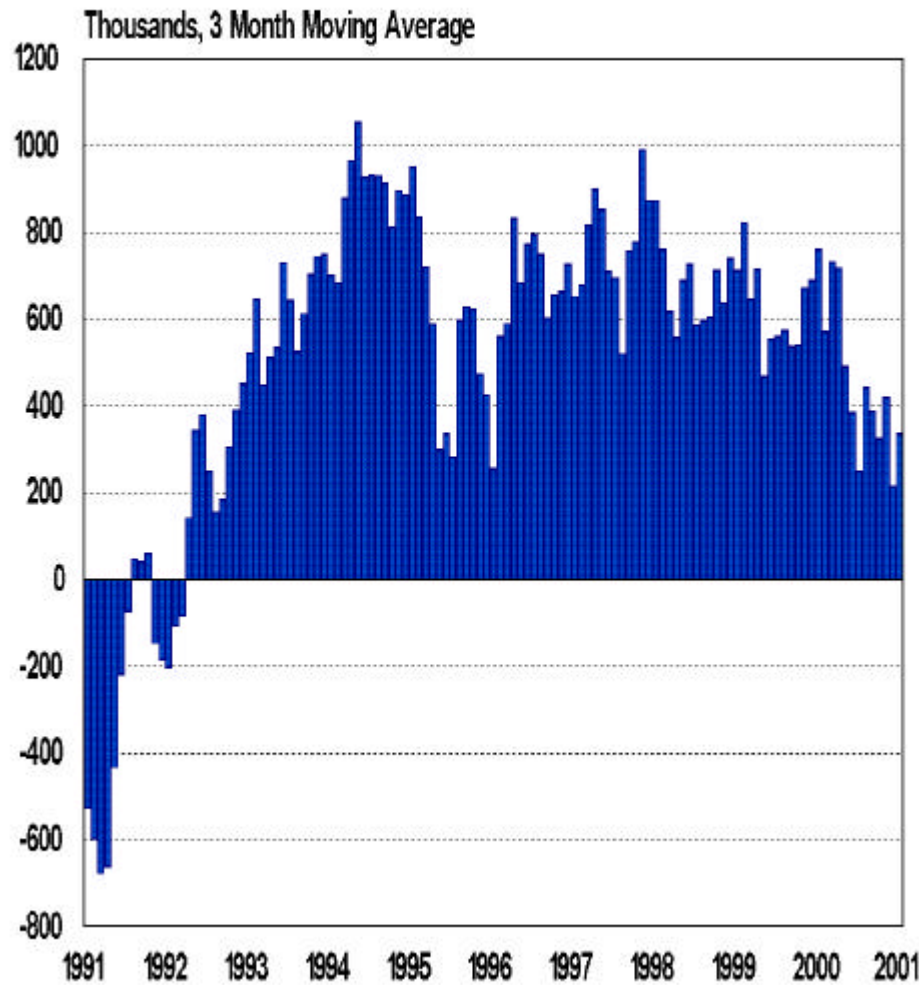
US Trade and Exchange Rates



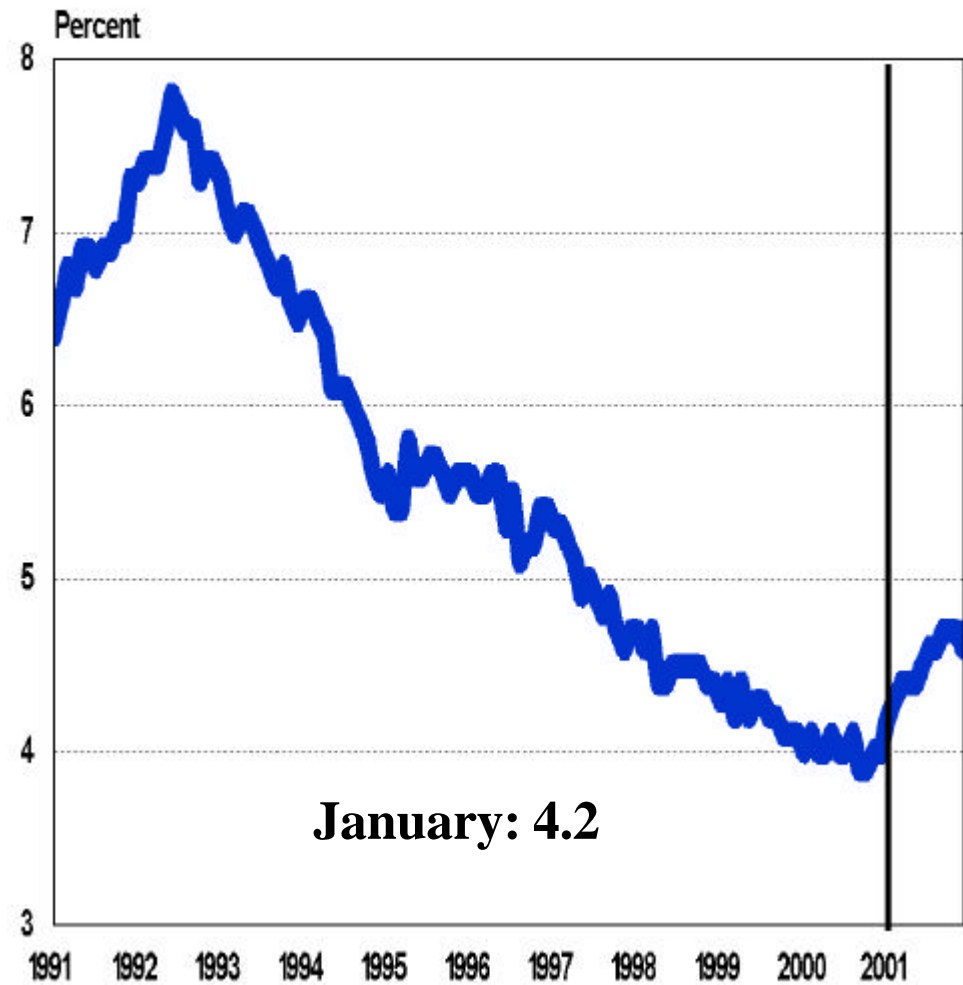
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Labor Markets

Net New Private Jobs



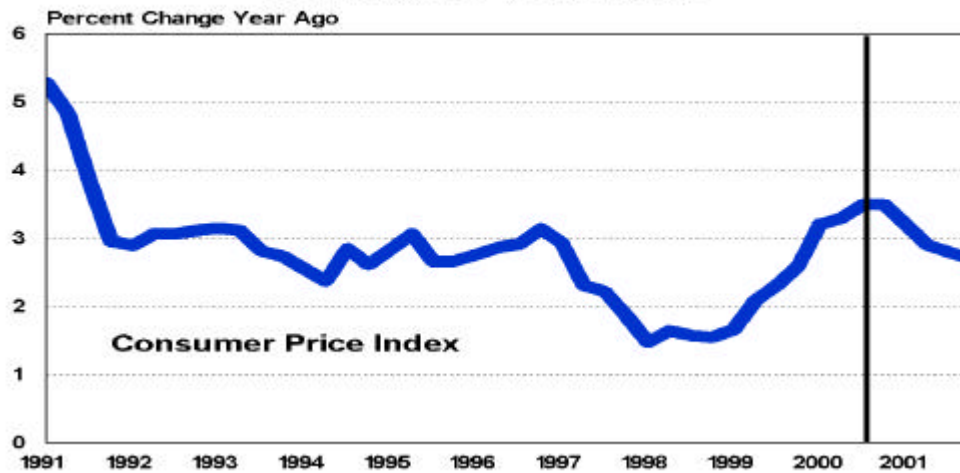
Unemployment Rate



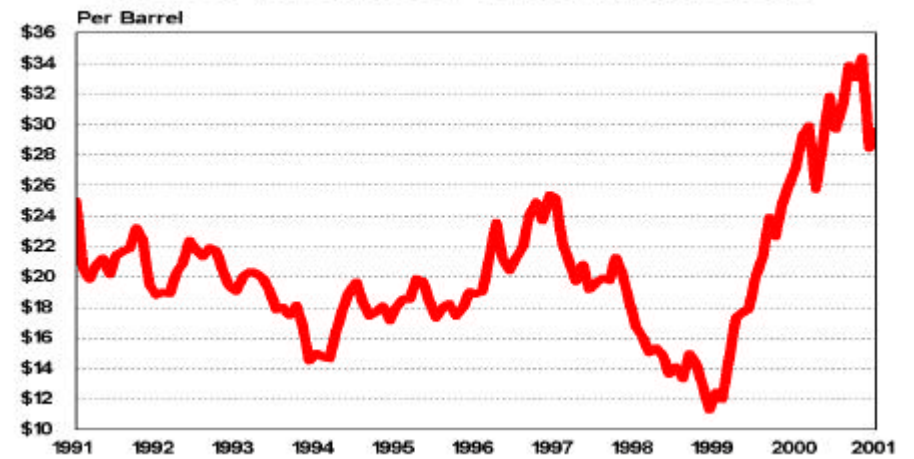
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Inflation

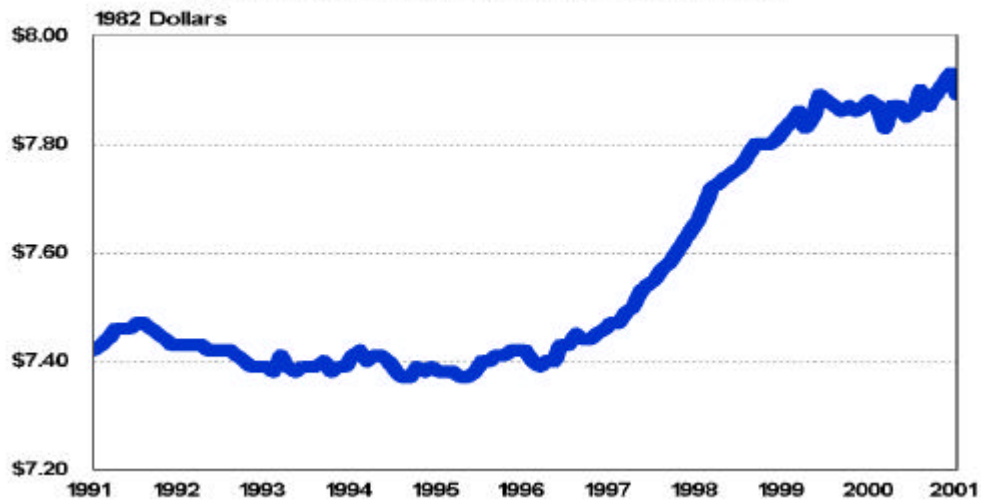
Consumer Price Index



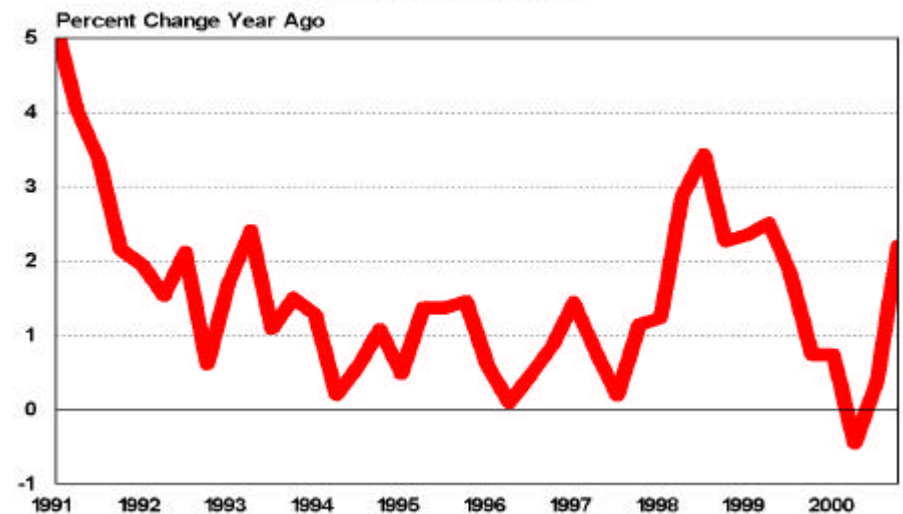
Spot Oil Price: West Texas Intermediate



Real Average Hourly Earnings

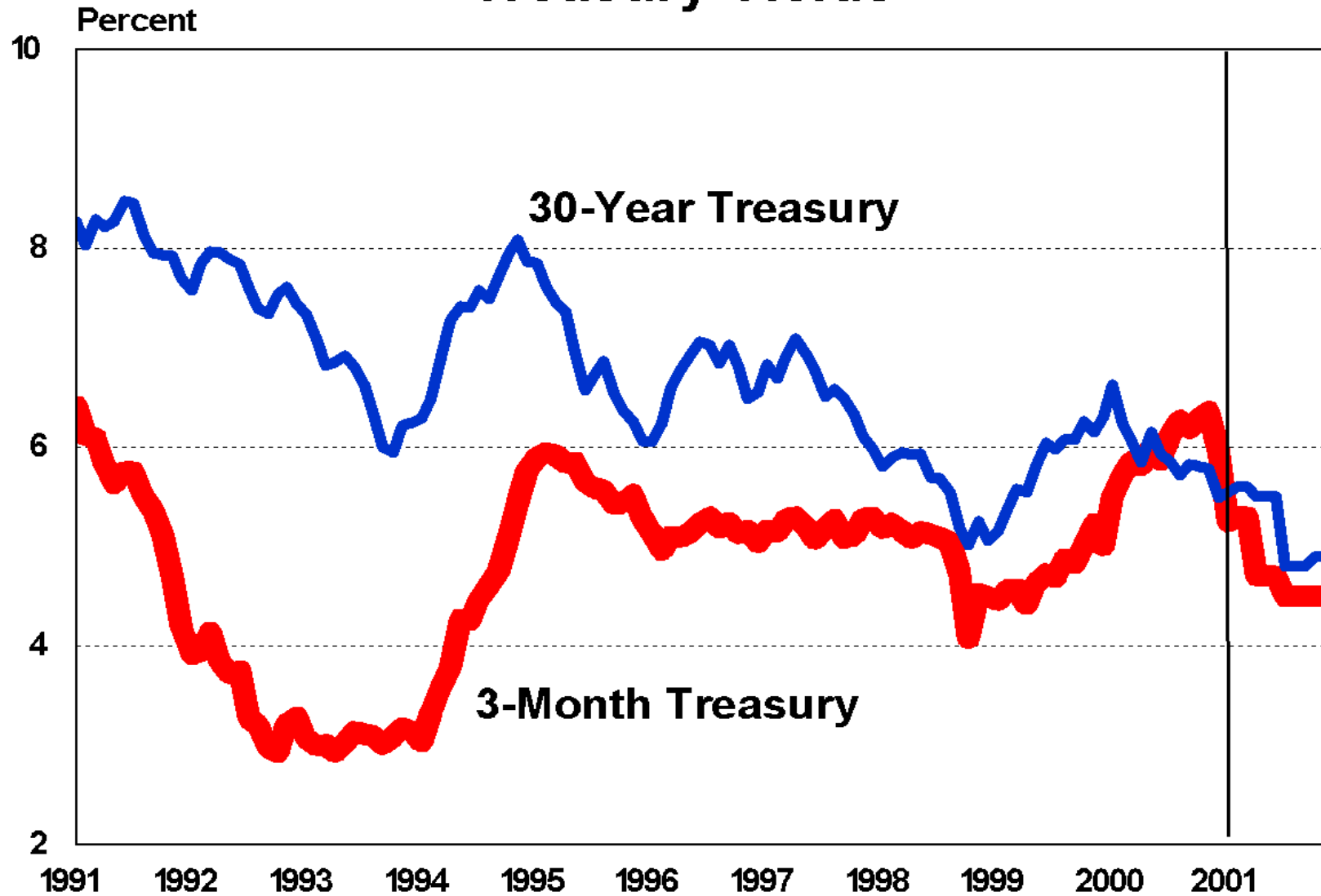


Unit Labor Cost



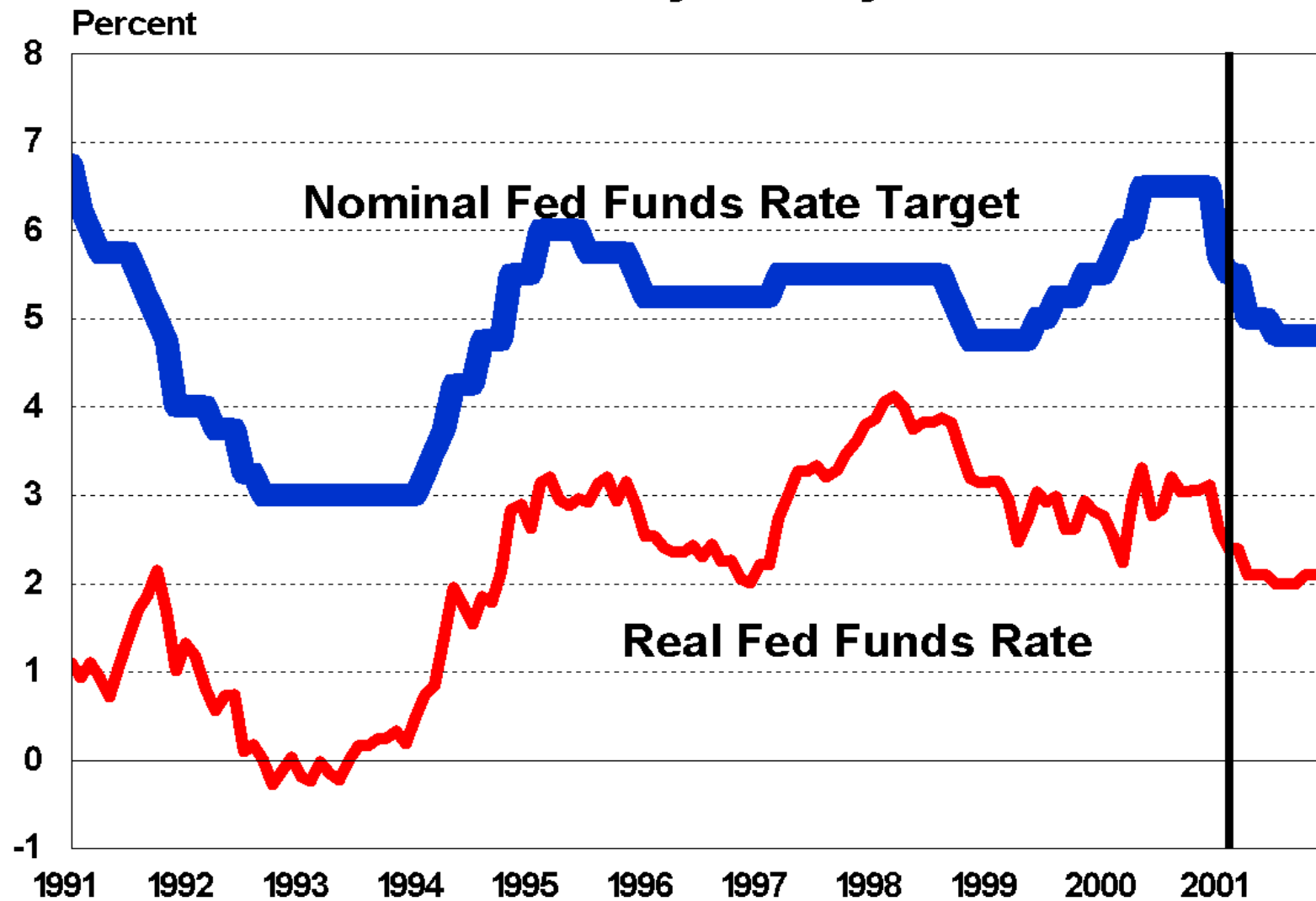
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Treasury Yields



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Monetary Policy

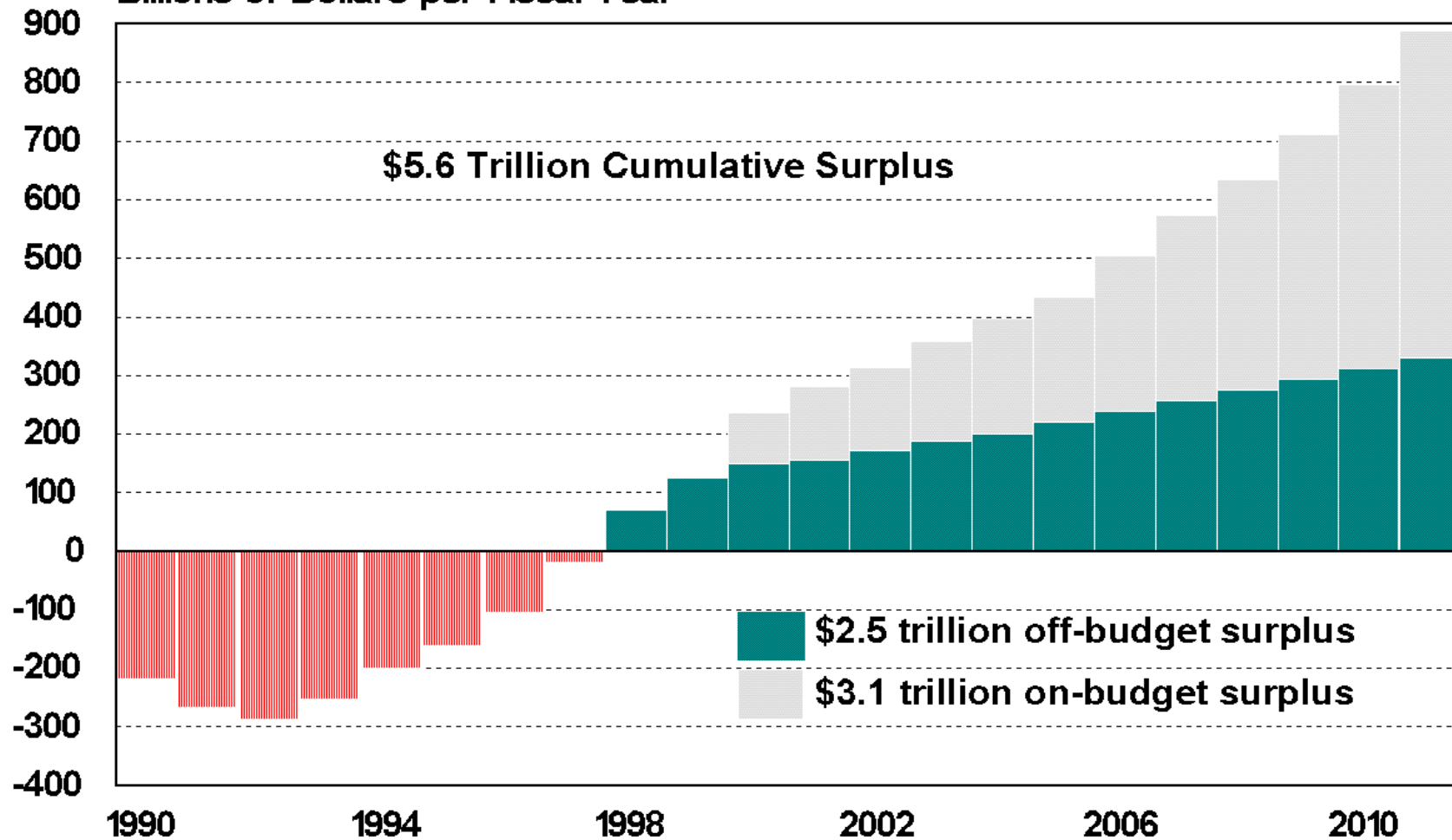


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Federal Budget Deficit/Surplus

CBO Projections - January 2001

Billions of Dollars per Fiscal Year



Assumes discretionary spending is frozen at the level enacted for 2001



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Bush / Republican Tax Plan

- New marginal tax rate structure (10/15/25/33)
- Marriage tax penalty relief
- Eliminate estate and gift tax
- Expand education savings accounts, etc.
- Double the child tax credit
- Make the R&E tax credit permanent

REVENUE COST: \$1.6 trillion (10 years)



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